

JOHNSON COUNTY, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

JUNE 30, 2009

JOHNSON COUNTY, IOWA

TABLE OF CONTENTS

JUNE 30, 2009

	<u>Page</u>
<u>Officials</u>	1
<u>Independent Auditor's Report</u>	2
<u>Management's Discussion and Analysis</u>	3-9
<u>Basic Financial Statements:</u>	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Assets	A 10
Statement of Activities	B 11
Governmental Fund Financial Statements:	
Balance Sheet	C 12-13
Reconciliation of the Balance Sheet – Governmental Funds to the	
Statement of Net Assets	D 14
Statement of Revenues, Expenditures and Changes in	
Fund Balances	E 15-16
Reconciliation of the Statement of Revenues, Expenditures and Changes	
in Fund Balances – Governmental Funds to the Statement of Activities	F 17
Proprietary Fund Financial Statements:	
Statement of Net Assets	G 18
Statement of Revenues, Expenses and Changes in	
Fund Net Assets	H 19
Statement of Cash Flows	I 20
Fiduciary Fund Financial Statement:	
Statement of Fiduciary Assets and Liabilities – Agency Funds	J 21
Notes to Financial Statements	22-35
<u>Required Supplementary Information:</u>	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes	
In Balances – Budget and Actual (Cash Basis) – All Governmental Funds	36
Budget to GAAP Reconciliation	37
Notes to Required Supplementary Information – Budgetary Reporting	38
Schedule of Funding Progress for the Retiree Health Plan	39
<u>Other Supplementary Information:</u>	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 40
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 41
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	3 42-43
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4 44-45
Agency Funds:	
Combining Schedule of Fiduciary Assets and Liabilities	5 46-49
Combining Schedule of Changes in Fiduciary Assets and Liabilities	6 50-53
Schedule of Revenues by Source and Expenditures by Function –	
All Governmental Funds	7 54-55
Schedule of Expenditures of Federal Awards	8 56-57
<u>Independent Auditor's Report on Internal Control Over Financial Reporting and on</u>	
<u>Compliance and Other Matters Based on an Audit of Financial Statements Performed</u>	
<u>in Accordance with Government Auditing Standards</u>	58-59
<u>Independent Auditor's Report on Compliance with Requirements Applicable to Each Major</u>	
<u>Program and on Internal Control over Compliance in Accordance with OMB Circular A-133</u>	60-61
<u>Schedule of Findings and Questioned Costs</u>	62-63

JOHNSON COUNTY, IOWA

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Sally Stutsman	Board of Supervisors	December 2010
Janelle Rettig	Board of Supervisors	December 2010
Rod Sullivan	Board of Supervisors	December 2012
Pat Harney	Board of Supervisors	December 2012
Terrence Neuzil	Board of Supervisors	December 2012
Tom Slockett	County Auditor	December 2012
Tom Kriz	County Treasurer	December 2010
Kim Painter	County Recorder	December 2010
Lonny Pulkrabek	County Sheriff	December 2012
Janet Lyness	County Attorney	December 2010
Bill Greazel	County Assessor	Appointed
Dennis Baldridge	City Assessor	Appointed

INDEPENDENT AUDITOR'S REPORT

To the Officials of Johnson County, Iowa:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Johnson County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Johnson County, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Johnson County, Iowa at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2010 on our consideration of Johnson County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 3 through 9 and 36 through 39 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnson County, Iowa's basic financial statements. The financial statements for the seven years ended June 30, 2008 (which are not presented herein) were audited by other auditors, who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
March 29, 2010

Johnson County, Iowa

Management's Discussion and Analysis (MD&A)

June 30, 2009

Johnson County, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- ❑ Total net assets were \$70,691,259 at June 30, 2009. This was a decrease of \$1,357,282 (1.9%) compared to the prior fiscal year.
- ❑ Overall revenues of governmental activities increased 7.5% or \$4,800,631 from fiscal year 2008. Property tax increased \$6,277,430, operating grants and contributions decreased \$908,572, charges for services increased \$198,048, investment earnings decreased \$660,405 and capital grants and contributions decreased \$483,405.
- ❑ Program expenses grew 21.4% overall, or \$12,376,686 from fiscal year 2008. Public safety and legal services increased \$10,904,154, physical health and social services increased \$229,880, mental health expenses decreased \$909,506, county environment and education expenses increased \$155,704, roads and transportation expenses increased \$1,741,970, governmental services to residents increased \$23,377, administration expense decreased \$68,227, non-program expenses decreased \$17,801 and interest expense on the County's long-term debt increased by \$317,135.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and information as follows:

- ❑ **Management's Discussion and Analysis** - Introduces the basic financial statements and provides an analytical overview of the County's activities.
- ❑ **Government-wide Financial Statements** - Comprise the first two statements, providing both short-term and long-term information about Johnson County's overall financial position.
- ❑ **Fund Financial Statements** - Focus on reporting how government services were financed in the short term as well as what remains for future spending. Fund financial statements report operations in more detail by providing information about the most significant funds. The remaining statements provide financial information activities for which Johnson County acts solely as an agent or custodian for the benefit of those outside of county government (agency funds).
- ❑ **Notes to Financial Statements** - provides additional information essential to a full understanding of the data provided in the basic financial statements.
- ❑ **Required Supplementary Information** - further explains and supports the financial statements with a comparison of the County's budget for the year and details of the County's funding progress of the retiree health plan.
- ❑ **Other Supplementary Information** - provides detailed information about the nonmajor governmental funds and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefitting the County.

Government-Wide Financial Statements

The government-wide financial statements report information about the County as a whole using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements (Statement of Net Assets and the Statement of Activities) report the County's net assets and how they have changed. Net assets-the difference between the assets and liabilities- is one way to measure the County's financial health or position.

- ❑ Over time, increases or decreases in the County's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- ❑ To assess the overall health of the County, one needs to consider additional non-financial factors such as changes in population, changes in the property tax base, and changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the County include governmental activities such as public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long term debt, and non-program activities. Most of the County's basic services are included here, such as the Sheriff, County Attorney, Recorder, Treasurer, Auditor, Board of Supervisors, Ambulance, Public Health, Medical Examiner, Paratransit Services (SEATS), Planning & Zoning, Conservation, Human Services, Veteran Affairs, Juvenile Court Services, Mental Health/ Developmental Disabilities, Rural Funding to Libraries, Secondary Roads, and Court Services. Property Taxes and state and federal grants fund most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds-not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law. The Board of Supervisors establishes other funds to control and manage money for particular purposes or to show that the County is meeting legal responsibilities for using certain revenues. The County has three kinds of funds:

- ❑ Governmental funds - Most of the County's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for future use. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information following the governmental fund statements that explain the relationship (or differences) between them. Funds included are the General Fund, Debt Service Fund, Capital Projects Fund, and Special Revenue Funds (Rural Fund, Mental Health Fund, Secondary Roads Fund). The required financial statements for governmental funds include a balance sheet and a statement of revenue, expenditures, and changes in fund balances.
- ❑ Fiduciary funds – the County is the trustee, or fiduciary, for assets that belong to others. Fiduciary funds for Johnson County include the E-911 Fund, the Empowerment Fund, The Iowa City & Johnson County Assessor Funds & Special Appraisal Funds, the Emergency Management Fund, and the Abandoned Storage Fund. The County is responsible for ensuring that assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the County-wide financial statements because the County cannot use the assets to finance its operations. The required financial statements for fiduciary funds include a statement of fiduciary assets and liabilities.
- ❑ Proprietary funds – The County has an internal service fund set up for the administration of its self-funded employee health insurance plans. Funds are paid into the health insurance fund from other county funds for payment of premiums, claims and administration costs. The internal service fund is an accounting device used to accumulate and allocate costs internally among the County's various functions. The required statements include a statement of net assets, a statement of revenue, expenses, and changes in fund net assets, and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

FINANCIAL ANALYSIS OF JOHNSON COUNTY -- Net Assets

The County's combined net assets decreased from \$72,048,541 to \$70,691,259. See Table 1. Analysis will focus on changes in net assets for governmental activities.

Table 1:

Net Assets

	Governmental Activities		Total Percentage
	2009	2008	Change 2009-2008
Assets			
Current Assets	\$ 79,608,299	\$ 73,410,348	8.4%
Capital Assets, Net of Accumulated Depreciation	66,361,318	53,857,924	23.2
			14.7
TOTAL ASSETS	145,969,617	127,268,272	
Liabilities			
Current Liabilities	47,603,904	46,440,772	2.5
Long Term Liabilities	27,674,454	8,778,959	215.2
TOTAL LIABILITIES	75,278,358	55,219,731	36.3
Net Assets			
Invested in Capital Assets, Net of Related Debt	41,616,318	47,337,924	-12.1
Restricted	17,876,926	5,723,302	212.4
Unrestricted	11,198,015	18,987,315	-41.0
TOTAL NET ASSETS	<u>\$ 70,691,259</u>	<u>\$ 72,048,541</u>	-1.9

Changes in Net Assets

The total net assets of governmental activities decreased by 1.9% compared to fiscal year 2008. The increases in current assets, long-term liabilities and restricted net assets reflects the increasing use of debt by the County overall, particularly for the start-up costs associated with the new Joint Emergency Communication Center. The largest portion of the County's net assets are invested in capital assets (land, buildings, equipment), net of related debt. The debt related to investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Unrestricted net assets decreased from approximately \$19.0 million in fiscal year 2008 to approximately \$11.2 million in fiscal year 2009, a decrease of 41%.

Table 2:

Changes in Net Assets

	Governmental Activities		Total Percentage
	2009	2008	Change 2009-2008
Revenues			
Program Revenues			
Charges for Services	\$ 5,411,785	\$ 5,213,737	3.8%
Operating Grants and Contributions	19,994,108	20,902,680	-4.3
Capital Grants and Contributions	2,121,626	2,605,031	-18.6
Property and other taxes levied for:			
General Purpose	36,286,625	31,064,796	16.8
Debt Service	1,856,536	800,935	131.8
Other County Taxes	1,023,547	845,312	21.1
Penalties and Interest on Taxes	324,254	411,761	-21.3
State tax credits	768,528	697,094	10.2
Unrestricted investment earnings	679,216	1,339,621	49.3
Gain on sale of capital assets	166,471	15,571	969.1
Miscellaneous	174,925	110,452	58.4
TOTAL REVENUES	66,748,854	64,006,990	4.3
Expenditures			
Public Safety and Legal Services	25,889,961	14,985,807	72.8
Physical Health and Social Services	7,790,846	7,560,966	3.0
Mental Health, MR & DD	12,115,555	13,025,061	-7.0
County Environment and Education	3,054,765	2,899,061	5.4
Roads & Transportation	12,232,833	10,490,863	16.6
Government Services to Residents	2,108,543	2,085,166	1.1
Administration	6,599,152	6,667,379	-1.0
Nonprogram Current	4,098	21,899	-81.3
Interest on long-term debt	369,150	52,015	609.7
TOTAL EXPENDITURES	70,164,903	57,788,217	21.4
INCREASE/(DECREASE) IN NET ASSETS	<u>(1,357,282)</u>	<u>6,218,773</u>	-121.8
Beginning	<u>72,048,541</u>	<u>65,829,768</u>	9.4
Ending	<u>\$70,691,259</u>	<u>\$72,048,541</u>	-1.9

The County increased property taxes levied for 2009 by 19.5%. This increase raised the County's property tax revenue by approximately \$6.3 million. Based on increases in the tax levies and total assessed valuation, property tax revenue is budgeted to increase by an additional \$2.0 million for fiscal year 2010.

The cost of all government services this year was \$70,164,903 compared to \$57,788,217 last year. The amount financed by taxpayers was \$39,166,708 (See Statement of Activities). Some of the cost was paid for by those who benefited from programs or other government grants and contributions. The County's program revenues decreased from \$28,721,448 to \$27,527,519 principally due to decreases in operating grants and contributions and capital grants and contributions. These revenue decreases were offset by a modest increase in charges for services in 2009.

MAJOR FUND ANALYSIS

Governmental funds reported a combined fund balance of \$29,474,377, a combined increase of \$5,692,467 compared to the prior year.

- ❑ General Fund revenues increased \$5,982,417 due largely to an increase in property and other taxes of \$5,669,853. Revenue increases was offset by a decrease in use of money and property of \$564,634. Total General Fund expenditures increased \$14,242,478 due largely to an increase in public safety and legal services of \$10,875,540 and debt payment increases of \$2,507,292.
- ❑ Rural Service Fund revenues decreased by \$345,374 and expenditures increased \$111,226 compared to the prior year. The ending fund balance showed a decrease of \$150,512 from the prior year to \$407,079.
- ❑ Secondary Roads Fund revenues increased by \$40,414 compared to the prior year. Expenditures increased in the Secondary Roads Fund by \$75,786. Capital project expenditures of the Secondary Roads fund increased by \$369,581 when compared to the prior year.
- ❑ Mental Health Fund revenues decreased by \$814,401 from the prior year, due largely to a decrease in intergovernmental revenue of \$855,697. Expenditures decreased by \$958,929 compared to the prior year. The Mental Health fund balance increased \$1,552,458 to an ending balance at year end of \$3,468,683.
- ❑ Capital Projects Fund revenues and cash transfers in increased by \$9,442,005 and expenditures increased by \$6,738,287. During the year the fund balance grew from \$4,053,333 to \$7,397,713, an increase of \$3,344,380 for the year. The revenues and expenditures of this class of fund varies depending on the timing of the projects.

General Fund Budgetary Highlights

Johnson County amended the budget three times during the fiscal year. The first amendment occurred in December and was necessary due to the anticipated increase of capital projects expenses during the fiscal year, primarily the Health & Human Services building and parking ramp project. The second amendment occurred in April due to the receipt of \$15.1 million of bond proceeds and the associated use of these proceeds to build the facility and infrastructure of the Joint Emergency Communication Center which Johnson County agreed to finance. The third amendment occurred in May and was necessary for debt retirement, Secondary Roads' repair and maintenance costs and incremental County campus construction costs.

Amendment and other budgetary Information is available in the County Auditor's Office.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

For fiscal year 2009 the County had a net increase of \$12,503,394 in a broad range of capital assets, including land, construction in progress, equipment and vehicles and infrastructure. This is due mainly to expenses related to the Health and Human Services building project, the SEATS & Secondary Roads building project, infrastructure additions and equipment and machinery purchases. See Table 3. More detailed information about the County's capital assets is presented in the notes to the financial statements.

Table 3

Capital Assets

	Value of Capital Assets		Total Percentage
	2009	2008	Change 2009-2008
Non-Depreciated			
Land	\$ 8,750,607	\$ 8,184,568	6.9%
Construction in Progress	17,639,607	6,500,079	171.4
Total Not Being Depreciated	26,390,214	14,684,647	79.7
Depreciable			
Buildings & Improvements	14,944,068	14,244,494	4.9
Machinery and Equipment	13,611,863	13,221,591	3.0
Infrastructure	53,458,245	51,042,302	4.7
Total Depreciable Assets	82,014,176	78,508,387	4.5
Total Accumulated Depreciation	42,043,072	39,335,110	6.9
NET CAPITAL ASSETS	<u>\$66,361,318</u>	<u>\$53,857,924</u>	23.2

The County has depreciation expense of \$3,246,097 in FY 2009 and total accumulated depreciation of \$42,043,072 on June 30, 2009.

The County's fiscal year 2010 budget projects spending of \$13,808,597 for capital projects, primarily for continued construction of the Health & Human Services building, the Armory project, planned flooded property buyouts, the Conservation department building project and architectural services, Secondary Roads planned roads projects and County technology upgrades. The County annually completes a Five Year Road Plan and Capital Improvement Plan (CIP). Both can be viewed by contacting management or are available on the County's web site www.johnson-county.com.

Long-Term Liabilities

At year end, the County had \$27,674,454 in long-term liabilities, consisting of general obligation capital notes, compensated absences and net OPEB liability (Table 4). The County added \$18,895,495 in long-term liabilities during the 2009 fiscal year. This is due mainly to an increase in the amount of general obligation capital notes that were necessary to begin the acquisition and construction of capital assets for the Joint Emergency Communication Center. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

Table 4**Long-Term Liabilities**

	Total Year End Fiscal Year 2009		Total Percentage
	Long-Term Liabilities		Change
	2009	2008	2009-2008
General Obligation Capital Notes	\$24,745,000	\$6,520,000	279.5%
Compensated Absences	2,384,338	2,258,959	5.6
Net OPEB Liability	545,116	0	N/A
TOTAL LONG TERM LIABILITIES	\$27,674,454	\$8,778,959	215.2

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the County was aware of several circumstances that could affect its future financial health:

- ❑ Real estate valuations continue to be strong in Johnson County. The budget remains streamlined but still able to accomplish capital projects and other county goals.
- ❑ Johnson County continues to enjoy a strong economy. Historically low interest rates on mortgages and a low unemployment rate make Johnson County fourth in the State of Iowa in per capita income.
- ❑ Johnson County grew from 96,000 residents in 1990 to 111,000 in 2000. The estimated current population is over 118,000.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, stakeholders, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact

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JOHNSON COUNTY, IOWASTATEMENT OF NET ASSETSJUNE 30, 2009Governmental
ActivitiesASSETS:

Cash and pooled investments	\$ 34,759,176
Receivables:	
Property tax:	
Delinquent	114,007
Succeeding year	41,710,902
Accounts	875,699
Interest	3,688
Due from other governments	1,439,170
Inventories	108,553
Prepaid expenses	597,104
Land and construction in progress	26,390,214
Other capital assets (net of accumulated depreciation)	39,971,104
Total assets	<u>145,969,617</u>

LIABILITIES:

Accounts payable	2,426,440
Accrued interest payable	137,490
Salaries and benefits payable	194,333
Due to other governments	1,691,459
Claims payable	708,515
Contracts payable	603,277
Deferred revenue:	
Succeeding year property tax	41,710,902
Other	131,488
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	3,695,000
Compensated absences	482,463
Portion due or payable after one year:	
General obligation bonds	21,050,000
Compensated absences	1,901,875
Net OPEB liability	545,116
Total liabilities	<u>75,278,358</u>

NET ASSETS:

Invested in capital assets, net of related debt	41,616,318
Restricted for:	
Supplemental levy	935,924
Secondary roads	2,383,131
Mental health	3,468,683
Other purposes	11,089,188
Unrestricted	11,198,015
Total net assets	<u>\$ 70,691,259</u>

JOHNSON COUNTY, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	Program Revenues				Net
					(Expense)
	Charges	Operating	Capital		Revenue and
Expenses	for Service	Grants and	Grants and		Changes In
		Contributions	Contributions		Net Assets
FUNCTIONS/PROGRAMS:					
Governmental activities:					
Public safety and legal services	\$ 25,889,961	\$ 2,336,386	\$ 1,526,955	\$ 1	\$ (22,026,619)
Physical health and social services	7,790,846	283,240	3,505,646	16,954	(3,985,006)
Mental health	12,115,555	1,660	10,370,317	-	(1,743,578)
County environment and education	3,054,765	326,823	32,930	-	(2,695,012)
Roads and transportation	12,232,833	50,651	4,264,346	2,104,671	(5,813,165)
Governmental services to residents	2,108,543	1,789,628	44,853	-	(274,062)
Administration	6,599,152	623,397	249,061	-	(5,726,694)
Non-program	4,098	-	-	-	(4,098)
Interest on long-term debt	369,150	-	-	-	(369,150)
Total	\$ 70,164,903	\$ 5,411,785	\$ 19,994,108	\$ 2,121,626	(42,637,384)
GENERAL REVENUES:					
Property and other County tax levied for:					
General purposes					36,286,625
Debt service					1,856,536
Other County taxes					1,023,547
Penalty and interest on property tax					324,254
State tax credits					768,528
Unrestricted investment earnings					679,216
Gain on sale of capital assets					166,471
Miscellaneous					174,925
Total general revenues					41,280,102
CHANGE IN NET ASSETS					(1,357,282)
NET ASSETS - Beginning of year					72,048,541
NET ASSETS - End of year					\$ 70,691,259

JOHNSON COUNTY, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

		Special Revenue		
	<u>General</u>	<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Mental Health</u>
<u>ASSETS</u>				
Cash and pooled investments	\$ 12,177,467	\$ 451,391	\$ 2,324,633	\$ 5,080,211
Receivables:				
Property tax:				
Delinquent	95,891	11,269	-	4,452
Succeeding year	31,488,159	3,019,526	-	3,097,496
Accounts	846,839	-	-	1,263
Interest		-	-	-
Due from other governments	742,427	-	356,864	339,879
Inventories	-	-	108,553	-
Prepaid expenses	<u>361,903</u>	<u>-</u>	<u>2,116</u>	<u>832</u>
TOTAL ASSETS	\$ <u>45,712,686</u>	\$ <u>3,482,186</u>	\$ <u>2,792,166</u>	\$ <u>8,524,133</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 523,882	\$ 30,950	\$ 329,056	\$ 426,282
Salaries and benefits payable	156,243	-	22,192	15,898
Contracts payable	-	-	15,236	-
Due to other governments	168,036	14,000	5,181	1,504,242
Deferred revenue:				
Succeeding year property tax	31,488,159	3,019,526	-	3,097,496
Other	<u>842,991</u>	<u>10,631</u>	<u>37,370</u>	<u>11,532</u>
Total liabilities	<u>33,179,311</u>	<u>3,075,107</u>	<u>409,035</u>	<u>5,055,450</u>
<u>FUND BALANCES:</u>				
Reserved for:				
Inventories	-	-	108,553	-
Prepays	361,903	-	2,116	832
Unreserved, reported in:				
General fund	12,171,472	-	-	-
Special revenue funds	-	407,079	2,272,462	3,467,851
Debt service fund	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>12,533,375</u>	<u>407,079</u>	<u>2,383,131</u>	<u>3,468,683</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>45,712,686</u>	\$ <u>3,482,186</u>	\$ <u>2,792,166</u>	\$ <u>8,524,133</u>

<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 8,034,166	\$ 3,990,183	\$ 32,058,051
-	2,395	114,007
-	4,105,721	41,710,902
202	-	848,304
-	3,688	3,688
-	-	1,439,170
-	-	108,553
<u>232,253</u>	<u>-</u>	<u>597,104</u>
\$ <u>8,266,621</u>	\$ <u>8,101,987</u>	\$ <u>76,879,779</u>
\$ 280,665	\$ 643,676	\$ 2,234,511
-	-	194,333
588,041	-	603,277
-	-	1,691,459
-	4,105,721	41,710,902
202	68,194	970,920
<u>868,908</u>	<u>4,817,591</u>	<u>47,405,402</u>
-	-	108,553
232,253	-	597,104
-	-	12,171,472
-	3,886,433	10,033,825
-	(602,037)	(602,037)
<u>7,165,460</u>	<u>-</u>	<u>7,165,460</u>
<u>7,397,713</u>	<u>3,284,396</u>	<u>29,474,377</u>
\$ <u>8,266,621</u>	\$ <u>8,101,987</u>	\$ <u>76,879,779</u>

JOHNSON COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

TOTAL GOVERNMENTAL FUND BALANCES \$ 29,474,377

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$108,404,390 and the accumulated depreciation is \$42,043,072.

Land	\$	8,750,607	
Construction in progress		17,639,607	
Infrastructure		30,244,079	
Buildings and improvements		5,634,808	
Machinery and equipment		<u>4,092,217</u>	
Total capital assets, net			66,361,318

Other long-term assets, such as County taxes, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 839,432

The Internal Service Fund is used by the County to charge the costs of partial self-funding of the County's health insurance benefit plan to the individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 1,828,076

Long-term liabilities, including bonds payable, accrued interest payable, compensated absences payable, and net OPEB liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.

General Obligation Bonds payable	\$	(24,745,000)	
Accrued interest payable on bonds		(137,490)	
Compensated absences		(2,384,338)	
Net OPEB liability		<u>(545,116)</u>	
Total long-term liabilities			<u>(27,811,944)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 70,691,259

JOHNSON COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

		<u>Special Revenue</u>		
	<u>General</u>	<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Mental Health</u>
<u>REVENUES:</u>				
Property and other County tax	\$ 31,029,195	\$ 3,082,171	\$ -	\$ 3,063,995
Interest and penalty on property tax	324,254	-	-	-
Intergovernmental	6,763,034	80,656	4,626,199	10,429,226
Licenses and permits	490,984	-	-	-
Charges for service	3,446,094	-	-	1,660
Use of money and property	489,972	-	12,751	-
Miscellaneous	550,182	-	50,470	96,344
Total revenues	<u>43,093,715</u>	<u>3,162,827</u>	<u>4,689,420</u>	<u>13,591,225</u>
<u>EXPENDITURES:</u>				
Current:				
Public safety and legal services	25,181,809	-	-	-
Physical health and social services	7,686,737	-	-	-
Mental health	-	-	-	12,068,767
County environment and education	2,260,458	731,109	-	-
Roads and transportation	-	-	7,590,893	-
Governmental services to residents	2,021,758	-	-	-
Administration	6,264,547	-	-	-
Non-program	2,320	-	-	-
Debt service				
Principal	2,500,000	-	-	-
Interest	7,292	-	-	-
Capital projects	-	-	972,837	-
Total expenditures	<u>45,924,921</u>	<u>731,109</u>	<u>8,563,730</u>	<u>12,068,767</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,831,206)</u>	<u>2,431,718</u>	<u>(3,874,310)</u>	<u>1,522,458</u>
Other financial sources (uses):				
Sale of capital assets	76,132	-	160,000	-
Proceeds from long-term debt	23,260,708	-	-	-
Transfers in	-	-	3,246,069	-
Transfers out	<u>(18,380,732)</u>	<u>(2,582,230)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>4,956,108</u>	<u>(2,582,230)</u>	<u>3,406,069</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,124,902	(150,512)	(468,241)	1,522,458
<u>FUND BALANCES - Beginning of year</u>	<u>10,408,473</u>	<u>557,591</u>	<u>2,851,372</u>	<u>1,946,225</u>
<u>FUND BALANCES - End of year</u>	\$ <u>12,533,375</u>	\$ <u>407,079</u>	\$ <u>2,383,131</u>	\$ <u>3,468,683</u>

See Notes to Financial Statements

Capital Projects	Nonmajor Governmental Funds	Total
\$ -	\$ 1,894,984	\$ 39,070,345
-	-	324,254
-	100,221	21,999,336
-	-	490,984
1,240	31,687	3,480,681
44,829	125,811	673,363
46,243	37,539	780,778
<u>92,312</u>	<u>2,190,242</u>	<u>66,819,741</u>
-	14,089	25,195,898
-	-	7,686,737
-	-	12,068,767
-	-	2,991,567
-	-	7,590,893
-	29,363	2,051,121
-	-	6,264,547
-	-	2,320
-	2,370,000	4,870,000
-	238,481	245,773
<u>14,383,047</u>	<u>301,232</u>	<u>15,657,116</u>
<u>14,383,047</u>	<u>2,953,165</u>	<u>84,624,739</u>
<u>(14,290,735)</u>	<u>(762,923)</u>	<u>(17,804,998)</u>
625	-	236,757
-	-	23,260,708
17,634,490	82,403	20,962,962
-	-	(20,962,962)
<u>17,635,115</u>	<u>82,403</u>	<u>23,497,465</u>
3,344,380	(680,520)	5,692,467
<u>4,053,333</u>	<u>3,964,916</u>	<u>23,781,910</u>
\$ <u>7,397,713</u>	\$ <u>3,284,396</u>	\$ <u>29,474,377</u>

JOHNSON COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 5,692,467

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlays exceeded depreciation expense and loss on disposal of capital assets in the current year as follows:

Expenditures for capital assets	\$ 13,761,010	
Capital grants for capital assets	2,058,767	
Depreciation expense	(3,246,097)	
Loss on disposal of capital assets	<u>(70,286)</u>	
		12,503,394

Proceeds from long-term debt provides current financial resources to governmental funds, and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.

Debt issued	\$ (23,095,000)	
Repayments	<u>4,870,000</u>	
		(18,225,000)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred or not recorded in the governmental funds. (403,066)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Change in accrued compensated absences	\$ (125,379)	
Change in accrued interest on debt	(123,377)	
Change in net OPEB liability	<u>(545,116)</u>	
		(793,872)

The Internal Service Fund is used by the County to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

(131,205)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (1,357,282)

See Notes to Financial Statements

JOHNSON COUNTY, IOWASTATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2009Internal Service -
Johnson County
Employee HealthASSETS:

Cash and pooled investments

\$ 2,701,125

Receivables:

Accounts

27,395

Total assets

2,728,520LIABILITIES:

Accounts payable

191,929

Claims payable

708,515

Total liabilities

900,444NET ASSETS:

Unrestricted

\$ 1,828,076

JOHNSON COUNTY, IOWA

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

Internal Service -
Johnson County
Employee Health

OPERATING REVENUES:

Reimbursements from operating funds
Health fees - Employees

\$ 4,341,932
673,321

Total operating revenues

5,015,253

OPERATING EXPENSES:

Medical claims
Accounting, auditing and clerical
Miscellaneous

4,444,564
724,578
1,025

Total operating expenses

5,170,167

Operating loss

(154,914)

NON-OPERATING REVENUES:

Interest on investments

23,709

Change in net assets

(131,205)

NET ASSETS - Beginning of year

1,959,281

NET ASSETS - End of year

\$ 1,828,076

JOHNSON COUNTY, IOWA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

Internal Service -
Johnson County
Employee Health

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from operating fund reimbursements	\$ 4,341,932
Cash received from employees and others	673,321
Cash paid for administrative fees	(725,603)
Cash paid for medical claims and insurance premiums	<u>(4,383,558)</u>

NET CASH USED IN OPERATING ACTIVITIES (93,908)

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest on investments	<u>23,709</u>
-------------------------	---------------

NET DECREASE IN CASH AND CASH EQUIVALENTS (70,199)

CASH AND CASH EQUIVALENTS - Beginning of year 2,771,324

CASH AND CASH EQUIVALENTS - End of year \$ 2,701,125

RECONCILIATION OF OPERATING LOSS TO NETCASH USED IN OPERATING ACTIVITIES:

Operating loss	\$ (154,914)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Increase in accounts receivable	(27,395)
Increase in accounts payable	<u>88,401</u>

Net cash used in operating activities \$ (93,908)

JOHNSON COUNTY, IOWASTATEMENT OF FIDUCIARY ASSETS AND LIABILITIESAGENCY FUNDSJUNE 30, 2009ASSETS

Cash and pooled investments:		
County Treasurer	\$	6,467,840
Other County officials		400,498
Receivables:		
Accounts receivable		66,920
Property tax:		
Delinquent		155,602
Succeeding year		191,842,099
Due from other governments		3,442,388
Prepaid expenses		67,879
	TOTAL ASSETS	<u>202,443,226</u>

LIABILITIES

Accounts payable		1,572,529
Salaries and benefits payable		7,986
Compensated absences		101,949
Due to other governments		200,535,375
Trusts payable		225,387
	TOTAL LIABILITIES	\$ <u>202,443,226</u>

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Johnson County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Johnson County, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of the organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Johnson County Assessor's Conference Board, Iowa City Assessor's Conference Board, County Emergency Management Commission, Johnson County Joint E911 Service Board, and Johnson County Council of Governments. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County, except for the Johnson County Council of Governments.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following funds:

Proprietary Fund

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2008.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Prepaid Expenses – Prepaid expenses represent certain payments to vendors that reflect costs applicable to future accounting periods.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Other capital assets	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Buildings	15-40
Improvements	10-40
Infrastructure	20-65
Equipment	2-30

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within 60 days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and other receipts that do not meet income recognition criteria.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Long-term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets – The net assets of the Internal Service, Johnson County Employee Health Fund are designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted.

F. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County held no investments as of June 30, 2009.

Interest Rate Risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 2: CASH AND POOLED INVESTMENTS (Continued)

Credit Risk – The County's investment policy limits investment in commercial paper and other corporate debt to the top two highest classifications. The County did not invest in any commercial paper or other corporate debt during the year.

Concentration of Credit Risk – The County's investment policy does not allow for a prime bankers acceptance or commercial paper and other corporate debt balances to be greater than ten percent of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to five percent of its total deposits and investments. The County held no such investments during the year.

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County did not hold any such investment during the year.

NOTE 3: DEFICIT BALANCES

At June 30, 2009, one fund had a deficit balance as follows:

Debt Service Fund	\$ <u>602,037</u>
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The deficit balance is the result of debt service disbursements in excess of property tax receipts. The deficit will be eliminated upon collection of property tax receipts and, if necessary, transfers in from other funds.

NOTE 4: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Amount</u>	<u>Transfer from</u>	<u>Amount</u>
Secondary Roads	\$ 3,246,069		
Capital Projects	17,634,490	Rural Services	\$ 2,582,230
Conservation Trust	<u>82,403</u>	General Fund	<u>18,380,732</u>
	\$ <u>20,962,962</u>		\$ <u>20,962,962</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,184,568	\$ 576,039	\$ 10,000	\$ 8,750,607
Construction in progress	<u>6,500,079</u>	<u>14,311,319</u>	<u>3,171,791</u>	<u>17,639,607</u>
Total capital assets not being depreciated	<u>14,684,647</u>	<u>14,887,358</u>	<u>3,181,791</u>	<u>26,390,214</u>
Capital assets being depreciated:				
Buildings and improvements	14,244,494	755,848	56,274	14,944,068
Machinery and equipment	13,221,591	932,419	542,147	13,611,863
Infrastructure	<u>51,042,302</u>	<u>2,415,943</u>	<u>-</u>	<u>53,458,245</u>
Total capital assets being depreciated	<u>78,508,387</u>	<u>4,104,210</u>	<u>598,421</u>	<u>82,014,176</u>
Less accumulated depreciation for:				
Buildings and improvements	9,047,616	298,227	36,583	9,309,260
Machinery and equipment	8,821,611	1,199,587	501,552	9,519,646
Infrastructure	<u>21,465,883</u>	<u>1,748,283</u>	<u>-</u>	<u>23,214,166</u>
Total accumulated depreciation	<u>39,335,110</u>	<u>3,246,097</u>	<u>538,135</u>	<u>42,043,072</u>
Total capital assets being depreciated, net	<u>39,173,277</u>	<u>858,113</u>	<u>60,286</u>	<u>39,971,104</u>
Governmental activities capital assets, net	\$ <u>53,857,924</u>	\$ <u>15,745,471</u>	\$ <u>3,242,077</u>	\$ <u>66,361,318</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 358,220
Physical health and social services	34,115
Mental health	7,949
County environment and education	86,458
Roads and transportation	2,484,606
Governmental services to residents	16,162
Administration	256,721
Non-Program	<u>1,866</u>
Total depreciation expense – governmental activities	\$ <u>3,246,097</u>

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 6: DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 168,036
Special Revenue:		
Rural Services	Services	14,000
Secondary Roads		5,181
Mental Health		<u>1,504,242</u>
Total for governmental funds		\$ <u>1,691,459</u>
Agency:		
County Assessor		1,580,780
City Assessor		960,932
Emergency Management		2,150,997
Schools		119,879,262
Community Colleges		4,504,958
Corporations		66,397,434
Townships		735,657
E911 Surcharge		1,112,785
Auto License and Use Tax		2,135,273
Other		<u>1,404,633</u>
Total for agency funds		\$ <u>200,862,711</u>
Total		\$ <u>202,554,170</u>

NOTE 7: LONG-TERM LIABILITIES

The County issues general obligation bonds to provide funds for the acquisition, improvement, and construction of major capital facilities and for the purchase of technology and related equipment. General obligation bonds have been issued for these types of governmental activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds are generally issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. General obligation bonds outstanding at June 30, 2009, are as follows:

General Obligation Bonds

<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding End of Year</u>
County Improvements	12/2007	06/2008 - 06/2010	3.45%	\$ 2,260,000	\$ 765,000
County Improvements	06/2008	06/2009 - 06/2013	2.15%-2.95%	5,015,000	4,065,000
County Improvements	11/2008	06/2010 - 06/2016	3.80%	3,295,000	2,615,000
County Improvements	03/2009	06/2010 - 06/2020	2.00% - 3.85%	4,100,000	4,100,000
County Improvements	03/2009	06/2010 - 06/2021	3.00% - 4.00%	11,000,000	11,000,000
County Improvements	03/2009	06/2010 - 06/2016	3.00% - 3.50%	<u>2,200,000</u>	<u>2,200,000</u>
				\$ <u>27,870,000</u>	\$ <u>24,745,000</u>

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 7: LONG-TERM LIABILITIES (Continued)

A summary of the County's June 30, 2009 general obligation bonded indebtedness is as follows:

Year Ending June 30,	General Obligation Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 3,695,000	\$ 701,323	\$ 4,396,323
2011	3,045,000	597,100	3,642,100
2012	3,140,000	512,908	3,652,908
2013	2,685,000	434,838	3,119,838
2014	1,685,000	355,360	2,040,360
2015-2019	7,800,000	1,236,273	9,036,273
2020-2021	<u>2,695,000</u>	<u>153,118</u>	<u>2,848,118</u>
Total	\$ <u>24,745,000</u>	\$ <u>3,990,920</u>	\$ <u>28,735,920</u>

During the year ended June 30, 2009, the County issued \$23,095,000 of general obligation bonds and retired \$4,870,000 of bonds.

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	General Obligation Capital Note	Net OPEB Liability	Compensated Absences	Total
Balance beginning of year	\$ 6,520,000	\$ -	\$ 2,258,959	\$ 8,778,959
Increases	23,095,000	545,116	590,344	24,230,460
Decreases	<u>4,870,000</u>	<u>-</u>	<u>464,965</u>	<u>5,334,965</u>
Balance end of year	\$ <u>24,745,000</u>	\$ <u>545,116</u>	\$ <u>2,384,338</u>	\$ <u>27,674,454</u>
Due within one year	\$ <u>3,695,000</u>	\$ <u>-</u>	\$ <u>482,463</u>	\$ <u>4,177,463</u>

NOTE 8: PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$1,534,007, \$1,320,757 and \$1,212,199, respectively, equal to the required contributions for each year.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 9: RISK MANAGEMENT

Johnson County, Iowa is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2009 were \$437,447.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 10: EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. Health benefits were self-insured up to a specific stop loss limitation of \$50,000 and an aggregate annual stop-loss amount of approximately \$4,355,000 for 2009. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop-loss amount.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2009 was \$4,341,932.

Amounts payable from the Employee Group Health Fund at June 30, 2009 total \$708,515 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$1,828,076 at June 30, 2009 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 618,912
Incurred claims (including claims incurred but not reported at June 30, 2009):	
Current-year events	4,444,564
Payments:	
Current-year events	<u>(4,354,961)</u>
Unpaid claims end of year	\$ <u>708,515</u>

NOTE 11: CONDUIT DEBT OBLIGATIONS

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated to any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2009, there were three issues of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$3,968,827.

NOTE 12: CONSTRUCTION COMMITMENTS

The County has entered into six contracts totaling \$18,180,356 for building and road construction projects. As of June 30, 2009, costs of \$16,491,194 on the projects have been incurred. The balance remaining on the projects at June 30, 2009, \$1,689,162 will be paid as work on the projects progress.

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 13: LITIGATION

The County Attorney reported that as of June 30, 2009, various claims and lawsuits were on file against the County. The probability of loss, if any, is undeterminable.

NOTE 14: PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued two statements not yet implemented by Johnson County, Iowa. The statements, which might impact Johnson County, Iowa, are as follows:

Statement No. 51, Accounting and Financial Reporting for Intangible Assets, issued June 2007, will be effective for the fiscal year ending June 30, 2010. This statement requires that all intangible assets not specifically excluded by its scope be classified as capital assets.

Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, issued June 2008, will be effective for the fiscal year ending June 30, 2010. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

The County's management has not yet determined the effect these statements will have on the County's financial statements

NOTE 15: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Johnson County, Iowa implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description – The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 430 active and 56 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage, which is a partially self-funded medical plan, is administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 757,547
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>757,547</u>
Contributions made	<u>(212,431)</u>
Increase in net OPEB obligation	545,116
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	\$ <u>545,116</u>

JOHNSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 15: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the County contributed \$212,431 to the medical plan.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ <u>757,547</u>	28.04%	\$ <u>545,116</u>

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$7,697,775, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,697,775. The covered payroll (annual payroll of active employees covered by the plan) was \$19,902,352 and the ratio of the UAAL to covered payroll was 38.7%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 8.0%. The ultimate medical trend rate is 5.0%. The medical trend rate is reduced 1.0% each year until reaching the 5.0% ultimate trend rate.

Mortality rates are from the RP2000 Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the Actuary's Pension Handbook and applying the termination factors used in Scale T-7.

Projected claim costs of the medical plan are \$384 per month for retirees and \$1,065 per month for retirees electing family coverage. The salary increase rate was assumed to be 3.25% per year. The UAAL is being amortized as a level dollar percentage of projected payroll expense on an open basis over 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

JOHNSON COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009

	Governmental Fund Types	<u>Budgeted Amounts</u>		Final to Actual Variance - Positive (Negative)
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	
<u>RECEIPTS:</u>				
Property and other County tax	\$ 39,077,329	\$ 39,203,375	\$ 39,203,375	\$ (126,046)
Interest and penalty on property tax	466,854	-	-	466,854
Intergovernmental	22,153,540	21,906,142	22,178,625	(25,085)
Licenses and permits	492,676	441,435	441,435	51,241
Charges for service	3,432,222	3,155,880	3,155,880	276,342
Use of money and property	670,776	1,470,333	1,470,333	(799,557)
Miscellaneous	806,689	2,167,644	2,161,549	(1,354,860)
Total receipts	<u>67,100,086</u>	<u>68,344,809</u>	<u>68,611,197</u>	<u>(1,511,111)</u>
<u>DISBURSEMENTS:</u>				
Public safety and legal services	24,124,651	20,132,203	35,681,779	11,557,128
Physical health and social services	7,805,852	8,444,208	8,589,012	783,160
Mental health	12,181,980	14,144,169	14,150,307	1,968,327
County environment and education	3,000,779	3,143,196	3,187,338	186,559
Roads and transportation	8,110,796	7,359,449	9,157,808	1,047,012
Governmental services to residents	2,078,947	2,421,949	2,501,979	423,032
Administration	6,441,622	6,726,988	6,765,733	324,111
Non-program	2,320	-	2,320	-
Debt service	5,115,773	1,969,950	5,247,242	131,469
Capital projects	<u>16,777,910</u>	<u>11,517,952</u>	<u>21,260,212</u>	<u>4,482,302</u>
Total disbursements	<u>85,640,630</u>	<u>75,860,064</u>	<u>106,543,730</u>	<u>20,903,100</u>
Deficiency of receipts under disbursements	(18,540,544)	(7,515,255)	(37,932,533)	(19,391,989)
Other financing sources				
Proceeds from long-term debt	23,260,708	5,497,000	23,104,292	(156,416)
Sale of capital assets	<u>236,380</u>	<u>2,400</u>	<u>2,400</u>	<u>(233,980)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements	4,956,544	(2,015,855)	(14,825,841)	(19,782,385)
<u>BALANCE - Beginning of year</u>	<u>27,635,418</u>	<u>15,140,628</u>	<u>27,588,524</u>	<u>(46,894)</u>
<u>BALANCE - End of year</u>	\$ <u>32,591,962</u>	\$ <u>13,124,773</u>	\$ <u>12,762,683</u>	\$ <u>(19,829,279)</u>

JOHNSON COUNTY, IOWA

BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 67,100,086	\$ (280,345)	\$ 66,819,741
Expenditures	<u>85,640,630</u>	<u>(1,015,891)</u>	<u>84,624,739</u>
Net	(18,540,544)	735,546	(17,804,998)
Other financing sources	23,497,088	377	23,497,465
Beginning fund balance	<u>27,635,418</u>	<u>(3,853,508)</u>	<u>23,781,910</u>
Ending fund balance	\$ <u>32,591,962</u>	\$ <u>(3,117,585)</u>	\$ <u>29,474,377</u>

JOHNSON COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

YEAR ENDED JUNE 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$30,683,666. These budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted.

JOHNSON COUNTY, IOWA

SCHEDULE OF FUNDING PROGRESS FOR
THE RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	\$ -	\$ 7,697,775	\$ 7,697,775	0.00%	\$ 19,902,352	38.70%

See Note 15 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

JOHNSON COUNTY, IOWA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

	Special Revenue	Debt Service	Total
<u>ASSETS</u>			
Cash and pooled investments	\$ 3,990,183	\$ -	\$ 3,990,183
Receivables:			
Property tax:			
Delinquent	-	2,395	2,395
Succeeding year	-	4,105,721	4,105,721
Accrued interest	<u>3,688</u>	<u>-</u>	<u>3,688</u>
TOTAL ASSETS	\$ <u>3,993,871</u>	<u>4,108,116</u>	\$ <u>8,101,987</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ 41,438	\$ 602,238	\$ 643,676
Deferred revenue:			
Succeeding year property tax	-	4,105,721	4,105,721
Other	<u>66,000</u>	<u>2,194</u>	<u>68,194</u>
Total liabilities	<u>107,438</u>	<u>4,710,153</u>	<u>4,817,591</u>
<u>FUND BALANCES:</u>			
Unreserved, reported in:			
Special revenue funds	3,886,433	-	3,886,433
Debt service fund	<u>-</u>	<u>(602,037)</u>	<u>(602,037)</u>
Total fund balances	<u>3,886,433</u>	<u>(602,037)</u>	<u>3,284,396</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>3,993,871</u>	\$ <u>4,108,116</u>	\$ <u>8,101,987</u>

JOHNSON COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	Special Revenue	Debt Service	Total
<u>REVENUES:</u>			
Property and other County tax	\$ -	\$ 1,894,984	\$ 1,894,984
Intergovernmental	67,519	32,702	100,221
Charges for service	31,687	-	31,687
Use of money and property	125,811	-	125,811
Miscellaneous	<u>37,539</u>	-	<u>37,539</u>
Total revenues	<u>262,556</u>	<u>1,927,686</u>	<u>2,190,242</u>
<u>EXPENDITURES:</u>			
Operating:			
Public safety and legal services	14,089	-	14,089
Governmental services to residents	29,363	-	29,363
Debt service:			
Principal	-	2,370,000	2,370,000
Interest	-	238,481	238,481
Capital projects	<u>301,232</u>	-	<u>301,232</u>
Total expenditures	<u>344,684</u>	<u>2,608,481</u>	<u>2,953,165</u>
Deficiency of revenues under expenditures	(82,128)	(680,795)	(762,923)
Other financing sources:			
Transfers in	<u>82,403</u>	-	<u>82,403</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	275	(680,795)	(680,520)
<u>FUND BALANCES</u> - Beginning of year	<u>3,886,158</u>	<u>78,758</u>	<u>3,964,916</u>
<u>FUND BALANCES</u> - End of year	\$ <u>3,886,433</u>	\$ <u>(602,037)</u>	\$ <u>3,284,396</u>

JOHNSON COUNTY, IOWA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009

	<u>Road Construction Escrow</u>	<u>Law Enforcement Proceeds</u>	<u>Special Resource Enhancement</u>	<u>Prosecutor Forfeiture Proceeds</u>
<u>ASSETS</u>				
Cash and pooled investments	\$ 3,321,640	\$ 123,513	\$ 197,957	\$ 24,150
Receivables:				
Accrued interest	<u>3,688</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>3,325,328</u>	\$ <u>123,513</u>	\$ <u>197,957</u>	\$ <u>24,150</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ -	\$ 832	\$ -	\$ -
Deferred revenue:				
Other	<u>66,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>66,000</u>	<u>832</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES:</u>				
Fund balances:				
Unreserved	<u>3,259,328</u>	<u>122,681</u>	<u>197,957</u>	<u>24,150</u>
Total fund balances	<u>3,259,328</u>	<u>122,681</u>	<u>197,957</u>	<u>24,150</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>3,325,328</u>	\$ <u>123,513</u>	\$ <u>197,957</u>	\$ <u>24,150</u>

<u>Conservation Trust</u>	<u>Historical Preservation</u>	<u>Recorder's Records Management</u>	<u>Ambulance Fund</u>	<u>Courthouse Centenary Fund</u>	<u>Total</u>
\$ 222,518	\$ 1,569	\$ 92,070	\$ 3,487	\$ 3,279	\$ 3,990,183
-	-	-	-	-	3,688
\$ <u>222,518</u>	\$ <u>1,569</u>	\$ <u>92,070</u>	\$ <u>3,487</u>	\$ <u>3,279</u>	\$ <u>3,993,871</u>
\$ 25,623	\$ -	\$ 14,983	\$ -	\$ -	\$ 41,438
-	-	-	-	-	66,000
<u>25,623</u>	-	<u>14,983</u>	-	-	<u>107,438</u>
196,895	1,569	77,087	3,487	3,279	3,886,433
<u>196,895</u>	<u>1,569</u>	<u>77,087</u>	<u>3,487</u>	<u>3,279</u>	<u>3,886,433</u>
\$ <u>222,518</u>	\$ <u>1,569</u>	\$ <u>92,070</u>	\$ <u>3,487</u>	\$ <u>3,279</u>	\$ <u>3,993,871</u>

JOHNSON COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009

	Road Construction <u>Escrow</u>	Law Enforcement <u>Proceeds</u>	Special Resource <u>Enhancement</u>	Prosecutor Forfeiture <u>Proceeds</u>
<u>REVENUES:</u>				
Intergovernmental	\$ -	\$ 13,885	\$ 53,634	\$ -
Charges for service	-	-	-	-
Use of money and property	119,652	1,021	1,482	-
Miscellaneous	-	-	-	2,708
Total revenues	<u>119,652</u>	<u>14,906</u>	<u>55,116</u>	<u>2,708</u>
<u>EXPENDITURES:</u>				
Operating:				
Public safety and legal services	-	8,792	-	5,297
Governmental services to residents	-	-	-	-
Capital projects	-	-	36,404	-
Total expenditures	<u>-</u>	<u>8,792</u>	<u>36,404</u>	<u>5,297</u>
Excess (deficiency) of revenues over (under) expenditures	119,652	6,114	18,712	(2,589)
Other financing sources:				
Transfers in	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	119,652	6,114	18,712	(2,589)
<u>FUND BALANCES</u> - Beginning of year	<u>3,139,676</u>	<u>116,567</u>	<u>179,245</u>	<u>26,739</u>
<u>FUND BALANCES</u> - End of year	\$ <u>3,259,328</u>	\$ <u>122,681</u>	\$ <u>197,957</u>	\$ <u>24,150</u>

<u>Conservation Trust</u>	<u>Historical Preservation</u>	<u>Recorder's Records Management</u>	<u>Ambulance Fund</u>	<u>Courthouse Centenary Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,519
-	-	31,687	-	-	31,687
3,016	-	632	1	7	125,811
<u>32,895</u>	<u>-</u>	<u>-</u>	<u>1,936</u>	<u>-</u>	<u>37,539</u>
<u>35,911</u>	<u>-</u>	<u>32,319</u>	<u>1,937</u>	<u>7</u>	<u>262,556</u>
-	-	-	-	-	14,089
-	-	29,363	-	-	29,363
<u>264,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,232</u>
<u>264,828</u>	<u>-</u>	<u>29,363</u>	<u>-</u>	<u>-</u>	<u>344,684</u>
(228,917)	-	2,956	1,937	7	(82,128)
<u>82,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,403</u>
(146,514)	-	2,956	1,937	7	275
<u>343,409</u>	<u>1,569</u>	<u>74,131</u>	<u>1,550</u>	<u>3,272</u>	<u>3,886,158</u>
\$ <u>196,895</u>	\$ <u>1,569</u>	\$ <u>77,087</u>	\$ <u>3,487</u>	\$ <u>3,279</u>	\$ <u>3,886,433</u>

JOHNSON COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2009

	<u>County Recorder</u>	<u>County Sheriff</u>
<u>ASSETS</u>		
Cash and pooled investments:		
County Treasurer	\$ -	\$ -
Other County officials	175,111	225,387
Receivables:		
Accounts receivable	1,117	-
Property tax:		
Delinquent	-	-
Succeeding year	-	-
Due from other governments	-	-
Prepaid expenses	-	-
TOTAL ASSETS	\$ <u>176,228</u>	\$ <u>225,387</u>
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ -
Salaries and benefits payable	-	-
Compensated absences	-	-
Due to other governments	176,228	-
Trusts payable	-	225,387
TOTAL LIABILITIES	\$ <u>176,228</u>	\$ <u>225,387</u>

<u>Agricultural Extension</u>	<u>County Assessor</u>	<u>City Assessor</u>	<u>Emergency Management</u>	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Schools</u>	<u>Community Colleges</u>
\$ 2,909	\$ 610,424	\$ 363,128	\$ 198,965	\$ 152	\$ 662,069	\$ 38,597
-	-	-	-	-	-	-
-	-	-	1,119	-	-	-
464	2,487	434	-	24	100,780	5,906
426,722	969,512	600,013	-	-	119,116,413	4,460,455
-	-	-	3,421,702	-	-	-
-	3,413	3,377	3,666	-	-	-
\$ <u>430,095</u>	\$ <u>1,585,836</u>	\$ <u>966,952</u>	\$ <u>3,625,452</u>	\$ <u>176</u>	\$ <u>119,879,262</u>	\$ <u>4,504,958</u>
\$ -	\$ 1,027	\$ 2,934	\$ 1,473,584	\$ -	\$ -	\$ -
-	4,029	3,086	871	-	-	-
-	52,147	49,802	-	-	-	-
430,095	1,528,633	911,130	2,150,997	176	119,879,262	4,504,958
-	-	-	-	-	-	-
\$ <u>430,095</u>	\$ <u>1,585,836</u>	\$ <u>966,952</u>	\$ <u>3,625,452</u>	\$ <u>176</u>	\$ <u>119,879,262</u>	\$ <u>4,504,958</u>

JOHNSON COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2009

<u>ASSETS</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>
Cash and pooled investments:			
County Treasurer	\$ 811,921	\$ 6,679	\$ 73,769
Other County officials	-	-	-
Receivables:			
Accounts receivable	-	-	10,047
Property tax:			
Delinquent	43,826	1,681	-
Succeeding year	65,541,687	727,297	-
Due from other governments	-	-	-
Prepaid expenses	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u>66,397,434</u>	\$ <u>735,657</u>	\$ <u>83,816</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-
Compensated absences	-	-	-
Due to other governments	66,397,434	735,657	83,816
Trusts payable	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	\$ <u>66,397,434</u>	\$ <u>735,657</u>	\$ <u>83,816</u>

<u>E911 Surcharge</u>	<u>Auto License and Use Tax</u>	<u>Empowerment Board</u>	<u>Tax Sales</u>	<u>Total</u>
\$ 984,957	\$ 2,135,273	\$ 343,277	\$ 235,720	\$ 6,467,840
-	-	-	-	400,498
54,637	-	-	-	66,920
-	-	-	-	155,602
-	-	-	-	191,842,099
20,686	-	-	-	3,442,388
<u>57,264</u>	<u>-</u>	<u>159</u>	<u>-</u>	<u>67,879</u>
\$ <u>1,117,544</u>	\$ <u>2,135,273</u>	\$ <u>343,436</u>	\$ <u>235,720</u>	\$ <u>202,443,226</u>
\$ 4,759	\$ -	\$ 90,225	\$ -	\$ 1,572,529
-	-	-	-	7,986
-	-	-	-	101,949
1,112,785	2,135,273	253,211	235,720	200,535,375
-	-	-	-	225,387
\$ <u>1,117,544</u>	\$ <u>2,135,273</u>	\$ <u>343,436</u>	\$ <u>235,720</u>	\$ <u>202,443,226</u>

JOHNSON COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2009

	County Auditor	County Recorder	County Sheriff
<u>ASSETS AND LIABILITIES</u>			
Balances beginning of year	\$ -	\$ 129,128	\$ 207,110
Additions:			
Property and other County tax and state tax credits	-	-	-
E911 surcharge	-	-	-
Office fees and collections	57,146	2,284,264	326,005
Auto licenses, use tax and postage	-	-	-
Trusts	-	-	6,479,161
Miscellaneous	-	-	-
Total additions	<u>57,146</u>	<u>2,284,264</u>	<u>6,805,166</u>
Deductions:			
Agency remittances:			
To other funds	57,146	1,051,359	325,532
To other governments	-	1,185,805	473
Trusts paid out	-	-	6,460,884
Total deductions	<u>57,146</u>	<u>2,237,164</u>	<u>6,786,889</u>
Balances end of year	\$ -	\$ 176,228	\$ 225,387

<u>Agriculture Extension</u>	<u>County Assessor</u>	<u>City Assessor</u>	<u>Emergency Management</u>	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Schools</u>	<u>Community Colleges</u>
\$ <u>327,745</u>	\$ <u>1,490,387</u>	\$ <u>927,960</u>	\$ <u>204,238</u>	\$ <u>151</u>	\$ <u>112,741,796</u>	\$ <u>4,292,705</u>
427,731	948,560	603,363	13,460,376	59,311	79,642,686	4,467,489
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>427,731</u>	<u>948,560</u>	<u>603,363</u>	<u>13,460,376</u>	<u>59,311</u>	<u>79,642,686</u>	<u>4,467,489</u>
-	-	-	-	-	-	-
325,381	853,111	564,371	10,039,162	59,286	72,505,220	4,255,236
-	-	-	-	-	-	-
<u>325,381</u>	<u>853,111</u>	<u>564,371</u>	<u>10,039,162</u>	<u>59,286</u>	<u>72,505,220</u>	<u>4,255,236</u>
\$ <u>430,095</u>	\$ <u>1,585,836</u>	\$ <u>966,952</u>	\$ <u>3,625,452</u>	\$ <u>176</u>	\$ <u>119,879,262</u>	\$ <u>4,504,958</u>

JOHNSON COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2009

<u>ASSETS AND LIABILITIES</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>
Balances beginning of year	\$ <u>62,845,499</u>	\$ <u>665,376</u>	\$ <u>19,271</u>
Additions:			
Property and other County tax and state tax credits	87,116,308	735,724	551,532
E911 surcharge	-	-	-
Office fees and collections	-	-	-
Auto licenses, use tax and postage	-	-	-
Trusts	-	-	-
Miscellaneous	-	-	-
Total additions	<u>87,116,308</u>	<u>735,724</u>	<u>551,532</u>
Deductions:			
Agency remittances:			
To other funds	-	-	-
To other governments	83,564,373	665,443	486,987
Trusts paid out	-	-	-
Total deductions	<u>83,564,373</u>	<u>665,443</u>	<u>486,987</u>
Balances end of year	\$ <u>66,397,434</u>	\$ <u>735,657</u>	\$ <u>83,816</u>

<u>State Tax Credits</u>	<u>E911 Surcharge</u>	<u>Auto License and Use Tax</u>	<u>Empowerment Board</u>	<u>Tax Sales</u>	<u>Flood Control</u>	<u>Total</u>
\$ -	\$ 936,030	\$ 1,561,402	\$ 372,495	\$ 104,341	\$ -	\$ 186,825,634
46,568	-	-	1,217,423	-	-	189,277,071
-	379,564	-	-	-	-	379,564
-	-	-	-	-	-	2,667,415
-	-	23,415,598	-	-	-	23,415,598
-	-	-	-	-	-	6,479,161
-	-	-	-	2,823,500	54,328	2,877,828
<u>46,568</u>	<u>379,564</u>	<u>23,415,598</u>	<u>1,217,423</u>	<u>2,823,500</u>	<u>54,328</u>	<u>225,096,637</u>
-	-	-	-	-	54,328	1,488,365
46,568	198,050	22,841,727	1,246,482	2,692,121	-	201,529,796
-	-	-	-	-	-	6,460,884
<u>46,568</u>	<u>198,050</u>	<u>22,841,727</u>	<u>1,246,482</u>	<u>2,692,121</u>	<u>54,328</u>	<u>209,479,045</u>
\$ -	\$ 1,117,544	\$ 2,135,273	\$ 343,436	\$ 235,720	\$ -	\$ 202,443,226

JOHNSON COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>REVENUES:</u>			
Property and other County tax	\$ 39,070,345	\$ 32,672,807	\$ 29,433,991
Interest and penalty on property tax	324,254	432,445	374,642
Intergovernmental	21,999,336	22,164,502	19,528,390
Licenses and permits	490,984	596,826	404,730
Charges for service	3,480,681	3,250,980	3,031,430
Use of money and property	673,363	1,354,192	1,655,734
Miscellaneous	<u>780,778</u>	<u>560,066</u>	<u>1,133,246</u>
Total	\$ <u>66,819,741</u>	\$ <u>61,031,818</u>	\$ <u>55,562,163</u>
<u>EXPENDITURES:</u>			
Operating:			
Public safety and legal services	\$ 25,195,898	\$ 14,341,229	\$ 13,282,979
Physical health and social services	7,686,737	7,541,627	7,371,545
Mental health	12,068,767	13,027,696	12,390,697
County environment and education	2,991,567	2,791,688	2,686,185
Roads and transportation	7,590,893	7,884,688	6,291,001
Governmental services to residents	2,051,121	1,881,126	1,846,463
Administration	6,264,547	5,803,518	5,959,893
Non-program	2,320	2,400	-
Debt service	5,115,773	792,902	811,802
Capital projects	<u>15,657,116</u>	<u>8,312,991</u>	<u>3,310,759</u>
Total	\$ <u>84,624,739</u>	\$ <u>62,379,865</u>	\$ <u>53,951,324</u>

Modified Accrual Basis				
<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 27,085,150	\$ 25,643,264	\$ 24,596,847	\$ 24,006,429	\$ 21,780,617
375,395	278,470	311,322	284,957	329,416
17,668,730	16,583,058	15,628,260	15,027,205	14,986,922
528,659	478,236	424,448	439,361	377,714
3,035,389	2,913,707	3,138,414	3,030,099	2,551,094
1,185,885	734,308	379,088	671,680	811,279
<u>885,704</u>	<u>505,562</u>	<u>370,696</u>	<u>389,089</u>	<u>275,627</u>
<u>\$ 50,764,912</u>	<u>\$ 47,136,605</u>	<u>\$ 44,849,075</u>	<u>\$ 43,848,820</u>	<u>\$ 41,112,669</u>
\$ 12,797,233	\$ 11,941,799	\$ 11,111,743	\$ 10,197,204	\$ 9,814,074
7,132,324	6,332,194	6,368,969	5,938,444	6,970,493
10,712,349	10,140,316	9,529,981	8,896,526	9,153,902
2,461,700	2,325,169	2,183,913	2,078,719	1,378,232
5,957,011	5,838,452	5,504,698	5,244,849	5,395,074
1,716,886	1,722,204	1,602,117	1,600,354	1,398,147
5,374,237	5,168,099	4,705,144	4,847,683	4,086,067
600	600	11,816	600	600
-	3,995,146	3,617,328	9,198,554	160,000
<u>6,491,702</u>	<u>1,449,068</u>	<u>2,411,700</u>	<u>2,138,624</u>	<u>3,873,079</u>
<u>\$ 52,644,042</u>	<u>\$ 48,913,047</u>	<u>\$ 47,047,409</u>	<u>\$ 50,141,557</u>	<u>\$ 42,229,668</u>

JOHNSON COUNTY, IOWASCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

<u>GRANTOR/PROGRAM:</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>
<u>DIRECT:</u>		
Department of Interior:		
Payment in Lieu of Taxes	15.226	\$ 57,163
Department of Justice:		
State Criminal Alien Assistance Program	16.606	29,495
Edwards Byrne Memorial Justice Assistance Grant Program	16.738	6,698
Total Direct		<u>93,356</u>
<u>INDIRECT:</u>		
Iowa Department of Public Health:		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	462,881
Iowa Department of Human Services:		
State Administrative Matching Grants for Food Stamp Program	10.561	47,789
Department of Commerce:		
Public Safety Interoperable Communications Grant Program	11.555	1,927,882
Department of Defense:		
Iowa State Treasurer's Office:		
Payments to States in Lieu of Real Estate Taxes	12.112	72,438
Department of Justice:		
Iowa Department of Human Rights:		
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	584
Governor's Office of Drug Control Policy:		
Edwards Byrne Memorial Justice Assistance Grant Program	16.738	40,212
Department of Transportation:		
East Central Iowa Council of Governments:		
Formula Grants for Other Than Urbanized Areas	20.509	38,944
Highway Planning and Construction	20.205	133,603
Iowa Department of Public Safety:		
State and Community Highway Safety	20.600	15,566
Iowa Department of Public Defense:		
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	1,505
Department of Health and Human Services:		
Linn County Public Health:		
Public Health Emergency Preparedness	93.069	91,057
National Bioterrorism Hospital Preparedness	93.889	29,863
Iowa Department of Public Health:		
Immunization Grants	93.268	25,650
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	19,203
Iowa Department of Human Services:		
Promoting Safe and Stable Families	93.556	22,024
Temporary Assistance for Needy Families	93.558	43,435

JOHNSON COUNTY, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

<u>GRANTOR/PROGRAM:</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>
<u>INDIRECT:</u> (Continued)		
Department of Health and Human Services: (Continued)		
Iowa Department of Public Health:		
Child Support Enforcement	93.563	\$ 247,231
Refugee and Entrant Assistance - State Administered Programs	93.566	56
Child Care and Development Block Grant	93.575	236,425
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	12,196
Foster Care - Title IV-E	93.658	25,990
Adoption Assistance	93.659	6,319
Social Services Block Grant	93.667	733,554
State Children's Insurance Program	93.767	347
Medical Assistance Program	93.778	57,541
Voting Access to Individuals with Disabilities - Grants to States	93.617	4,581
Hawkeye Area Community Action Program:		
Head Start	93.600	24,556
Iowa Department of Human Rights:		
Basic Center Grant	93.623	32,093
HIV Care Formula Grants	93.917	203,086
HIV Prevention Activities - Health Department Based	93.940	233,038
Preventive Health and Health Services Block Grant	93.991	3,806
Maternal and Child Health Services Block Grant	93.994	74,115
Department of Homeland Security:		
United Way of America:		
Emergency Food and Shelter National Board Program	97.024	2,900
State of Iowa:		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	319,308
Iowa Department of Public Defense:		
Hazard Mitigation Grant	97.039	15,243
Emergency Management Performance Grants	97.042	57,879
Total Indirect		<u>5,262,900</u>
Total		\$ <u>5,356,256</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Johnson County, Iowa and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHERS MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Officials of Johnson County, Iowa:

We have audited the accompanying financial statements of the government activities, each major fund and the aggregate remaining fund information of Johnson County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated March 29, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Johnson County, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Johnson County, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Johnson County, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Johnson County, Iowa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Johnson County, Iowa's financial statements that is more than inconsequential will not be prevented or detected by Johnson County, Iowa's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Johnson County, Iowa's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item 09-II-A is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Johnson County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Johnson County, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Johnson County, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Johnson County, Iowa and other parties to whom Johnson County, Iowa may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Johnson County, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
March 29, 2010

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

To the Officials of Johnson County, Iowa

Compliance

We have audited the compliance of Johnson County, Iowa with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Johnson County, Iowa's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Johnson County, Iowa's management. Our responsibility is to express an opinion on Johnson County, Iowa's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Johnson County, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Johnson County, Iowa's compliance with those requirements.

In our opinion, Johnson County, Iowa complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. The results of our auditing procedures disclosed no instances of non-compliance with those requirements which are required to be reported in accordance with OMB Circular A-133.

Internal Control over Compliance

The management of Johnson County, Iowa, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Johnson County, Iowa's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Johnson County, Iowa's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined below.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than a remote likelihood material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Johnson County, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Johnson County, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Johnson County, Iowa and other parties to whom Johnson County, Iowa may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
March 29, 2010

JOHNSON COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part I: Summary of the Independent Auditor's Results

- a. Unqualified opinions were issued on the financial statements.
- b. Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- c. The audit did not disclose any non-compliance which is material to the financial statements.
- d. No significant deficiencies in internal control over the major program were disclosed by the audit of the financial statements.
- e. An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f. The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g. The major programs were CFDA Numbers:
 - 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
 - 10.557 Special Supplemental Nutrition Program for Woman, Infants and Children
 - 11.555 Public Safety Interoperable Communication Grant Program
 - 93.667 Social Services Block Grant
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. Johnson County, Iowa did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCIES:

09-II-A Preparation of Financial Statements

A properly designed system of internal control over financial reporting calls for the preparation of an entity's financial statements and accompanying notes to the financial statements by internal personnel of the entity. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. We recognize that with a limited number of office employees, preparation of the financial statements is difficult. The effect of this condition is that the financial reporting is prepared by a party outside of the entity. The outside party does not have the constant contact with ongoing financial transactions that internal staff have.

Recommendation – We recommend that County officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances to enable staff to draft the financial statements internally.

Response – This finding and recommendation is not a result of any change in County procedures, rather it is due to an auditing standard implemented by the American Institute of Certified Public Accountants. The County will continue to seek additional training and experience and evaluate the need for additional resources to enable our staff to achieve the goal of drafting our financial statements internally.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

JOHNSON COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part III: Findings and Questions Costs For Federal Awards:

SIGNIFICANT DEFICIENCIES:

No matters were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting

- 09-IV-A Certified Budget – Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted.
- 09-IV-B Questionable Expenditures – We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 09-IV-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 09-IV-D Business Transactions – No business transactions between the County and County officials or employees were noted.
- 09-IV-E Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- 09-IV-F Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 09-IV-G Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- 09-IV-H Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- 09-IV-I County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2009 for the County Extension Office did not exceed the amount budgeted.

- 09-IV-J Financial Condition – The Debt Service Fund had a deficit balance at June 30, 2009 of \$602,037.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – The deficit was due to debt service expenditures made prior to receipt of property taxes.

Conclusion – Response accepted.